



U.S. Department of Housing and Urban Development
Community Planning & Development Division
Region IV, Miami Field Office
Brickell Plaza Federal Building
909 SE First Avenue, Room 500
Miami, FL 33131-3042

FILE COPY

COPY

Received 3/15/2016

February 22, 2016

Jimmy Morales, City Manager
City of Miami Beach
1700 Convention Center Drive
Miami Beach, FL 33139

Subject: Annual Community Assessment
Consolidated Annual Performance and Evaluation Report (CAPER)
2014 Program Year –
CDBG, HOME, and NSP Programs
City of Miami Beach

Dear Mr. Morales,

The Housing and Community Development Act of 1974, as amended and the National Affordable Housing Act of 1990, require that a determination be made annually by HUD that the grant recipient is in compliance with the statutes and has the continuing capacity to implement and administer the programs for which assistance is received.

In accordance with the Consolidated Planning Regulations of January 5, 1995, this Office makes a comprehensive performance review of your overall progress annually, as required by §24 CFR 91.525. The review consists of analyzing your consolidated planning process; reviewing management of funds; determining the progress made in carrying out your Consolidated Plan policies and programs; determining the compliance of funded activities with statutory and regulatory requirements; determining the accuracy of required performance reports; and evaluating your accomplishments in meeting key departmental objectives.

We congratulate you on your accomplishments during this past year in the achievement of departmental objectives.

SUMMARY OF PERFORMANCE

Community Development Block Grant (CDBG)

The City received \$935,610 in FY 2014 CDBG grant funds and is commended on its performance in expending \$985,876.24 of which 92.90% was spent on activities benefiting low or moderate-income persons. This performance exceeds departmental standards.

HUD's mission is to create strong, sustainable, inclusive communities and quality, affordable homes for all.

The Financial summary indicated \$131,570.88 in net expenditures for planning and administrative costs, or 14.06% of the grant funds plus program income received during the program year. The Financial Summary also showed \$113,200.76 in net expenditures for public services, or 12.10% of the grant. Our review of the activities indicates that they appear to be eligible as provided for at §24 CFR Part 570.201-6, and meet one of the three National Objectives established at §24CFR 570.208.

The City's Public Service activities assisted 610 low moderate income persons through various activities, including the rehabilitation of the Jewish Community Services of South Florida Inc.'s (Miami Beach Senior Center), which provided services to 63 low/moderate income seniors.

We are pleased to report that the City is in compliance with departmental progress standards in the expenditure of its CDBG Line-of-Credit (LOC) balances. The City is required to have no more than 1.5 years of funding available in its LOCC's at the end of the tenth month of its program year. The City's LOCC's balance as of August 2, 2015 was \$1,206,194.68, which represents 1.29 years of funding.

As a reminder, according to the National Defense Authorization Act of 1991 (P.L.101-510), CDBG grantees have a total of eight years to obligate and expend CDBG funds, counting the three-year obligation period and the additional five years for expenditure. For example, CDBG funds appropriated by Congress in FY 2002 must be obligated (put under funding contract to the grantee) by September 30, 2004 (three years). They must be disbursed by the grantee by September 30, 2010 (FY 2005 + 5 years). If the FY 2009 grant funds are not drawn down from the Line of Credit Control System (LOCCS) by the end of FY 2016, they will be recaptured by HUD and returned to the U.S. Treasury. Also be aware that if a grantee returns funds to an expired grant, the funds are returned to the Treasury and are no longer available in the grantee's LOC. This means grantees lose these funds permanently. Therefore, grantees who need to return funds to their LOC and credit those funds to an expired grant should contact the Miami Field Office for instructions.

HOME

The City received \$460,426.00 in HOME FY 2014 grant funds. Our review determined that the City achieved its objective of providing affordable housing for rental assistance, resulting in 28 low/moderate income households receiving assistance.

Our evaluation of these accomplishments disclosed no concerns with respect to eligibility, income targeting, affordability, or match requirements.

As a reminder, please be aware that any HOME funds appropriated in FY 2009 will not be available for PJs to expend after September 30, 2016. HOME funds remaining in your FY 2009 grant after this date will be recaptured by the United States Treasury. Unexpended HOME funds on grants from 1992 through 2001 are not subject to these rules. However, beginning with the FY 2002 appropriation, each annual HOME grant is subject to this eight-year expenditure rule. So, for example, FY 2009 HOME funds will no longer be available to you after September 30, 2016.

Performance Measurement

In September 2004, CPD Notice 03-09 was sent to all grantees in reference to Local Performance Measurement Systems for CPD Formula Grant Programs. In this notice it strongly recommends the use of a performance measurement system in order to account for productivity and program impact. Productivity displays the quantity, quality, and time a grantee undertakes activities. Program impact reflects how activities yield desired outcomes within the community and the persons assisted. The Field office reiterated the importance of determining whether the City is currently using a performance measurement system, developing a system, or has not yet developed a system.

Beginning October 1, 2006, each Consolidated Annual Performance and Evaluation Report (CAPER) or Performance and Evaluation Report (PER) should include the status of the grantee's efforts toward implementing a performance measurement system as described in the Federal Register Notice dated March 7, 2006. All CAPER or PER reports should provide a description of how the jurisdiction's program provided new or improved availability/accessibility, affordability, sustainability of decent housing, a suitable living environment, and economic opportunity. The CAPER/PER must include a comparison of the proposed versus actual outcomes for each outcome measure submitted with the consolidated plan and explain, if applicable, why progress was not made toward meeting goals and objectives.

A review of the IDIS CDBG Performance Measures Report (PR83) disclosed that the City is inputting data for its activities.

Concerns

There are some performance issues that require action for resolution as a result of our review of your Consolidated Annual Performance and Evaluation Report (CAPER) for FY 2014:

(1) CDBG Activities At Risk Dashboard:

The City's CDBG Activities -At Risk Dashboard Report (PR 59) is currently showing IDIS No. 931 soon to be flagged as At-Risk due to slow expenditures. (The City has not drawn down funds in over 270 days.) The City must ensure that activities are completed by the target completion date and provide our office with a status within 30 days from receipt of this letter. Additional information can be found at:

<https://www.hudexchange.info/onecpd/assets/File/IDIS-Online-Reports-User-Guide-PR51-60.pdf>

(2) Slow moving activities –

A review of the City's reporting data (IDIS Report # RC04PR02) - List of activities by program year and project, are showing a number of old funded activities with large balances, no draws made, or activities incorrectly reported. The activities identified in the report is as follows:

- FY: 2007 - IDIS #716, #826
- FY: 2009 - IDIS #796
- FY: 2010 - IDIS #837, #843
- FY: 2011 - IDIS #868, #871, #900
- FY: 2012 - IDIS #895, #894, #916
- FY: 2013 - IDIS #908, #921, #923, #924

It's recommended that the City, where appropriate, reprogram large balances or funds remaining from completed activities as soon as possible, but no later than 30 days from receipt of this letter. By doing so, it will aid to avoid erroneous reporting and will assist the City in meeting the timeliness test. For additional information on the reporting requirements for the CAPER please visit the HUD website at:

<https://www.hudexchange.infor/idis/idis-reporting/>

(3) HOME Snapshots/Red Flags Report:

The HOME Program Performance "SNAPSHOTs" are quarterly cumulative performance reports, which helps in the evaluation of the City's performance of HOME accomplishments. The most recent SNAPSHOT reveals that the City has one (1) "Red Flag" which requires attention: One) Percentage of completed Rental disbursements to all Rental commitments. The City should review and submit to our office updated HOME project information within 30 days from the date of this letter.

Fair Housing and Equal Opportunity (FHEO)

The Office of Fair Housing and Equal Opportunity (FHEO) is required to conduct an analysis of each grantee's Consolidated Annual Performance Evaluation Report (CAPER) to ensure compliance with the civil rights requirements to affirmatively further fair housing as required in 24 C.F.R. 91.225(a)(1), 91.325(a)(1), and 91.425(a)(1)(I). Affirmatively furthering fair housing means that each grantee will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, taken appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions taken in this regard. Additionally, the Fair Housing Planning Guide is available on the Hudweb at:

<http://www.hud.gov/offices/fheo/images/fhpg.pdf>

The Fair Housing Planning Guide contains valuable information, which may assist you in your revisions and future CAPER, and Annual Action Plan submissions.

The FHEO evaluation of the City's FY 2014 CAPER submission is based, in part, on their review of various Civil Rights Certifications; the Analysis of Impediments (AI); geographic distribution and areas of minority concentrations along with program benefit for minority persons and persons with disabilities.

Office of Public and Indian Housing (OPIH)

The Office of Public and Indian Housing (OPIH) was also required to conduct an analysis of the City's FY 2014 Consolidated Annual Performance Evaluation Report (CAPER). This request was intended for the accuracy of any data shown for the local PHAs, the City's housing inventory and the plan in general.

The Office of Public and Indian Housing review revealed no concerns.

Neighborhood Stabilization Program (NSP-3)

The City of Miami Beach received \$1,475,088 in NSP-3 fiscal year 2011 grant funds, and has drawn \$1,440,681.28, but only expended \$716,147.55 or 49% of its NSP3 grant funds which includes program income received as of December 31, 2015. This performance does not meet departmental standards. Please be advised that drawing down funds without expending within a reasonable time is not allowed and can lead to recapture of funds.

A consultation meeting held on April 24, 2014 allowed the City additional time to complete project and expend the remaining funds on eligible activities no later than April 30, 2015. The City indicated the project construction has been completed but the City is unable to occupy the units due to adjacent building which is under construction. The City should reconcile DRGR to reflect actual expenditures to date, and continue to submit monthly progress reports until all units have been occupied and national objective met. The City is encouraged to report expenditures in the DRGR system promptly.

The regulation requires that ... "no less than 25% of the funds appropriated or otherwise made available for the purchase and redevelopment of abandoned or foreclosed homes or residential properties that will be used to house individuals or families whose income do not exceed 50% of area median income." As of December 31, 2015, the City has expended \$368,772 or 25% of its grant funds including any program income for Low Income Households (LH25).

The City reported that it received \$276.00 in program income (PI) as of September 30, 2015. As you are aware, program income must be disbursed prior to any draw-down of grant funds. In addition, the City should maintain documentation (i.e. spreadsheets, reports, receipts, etc.) to track program income.

Our review of the City's Quarterly Progress Reports revealed that the City did not submit its QPR for the quarter ending December 31, 2015. The report was due on January 30, 2016, and was received on February 8, 2016. Please note that grantees must submit a quarterly performance report, as HUD prescribes, no later than 30 days following the end of each quarter. Failure to submit timely QPRs for two or more consecutive quarters may lead to a finding of non-compliance.

HUD strongly encourages grantees to use NSP funds not only to stabilize neighborhoods in the short-term, but to strategically incorporate modern, green building and energy-efficiency improvements in all NSP activities to provide for long-term affordability and increased sustainability and attractiveness of housing and neighborhoods. At minimum, NSP3 grantees must meet rehabilitation standards requirements of green and energy-efficiency actions. Additional resources related to sustainable and energy-efficient construction are available on the NSP Resource Exchange Website:

<https://www.hudexchange.info/programs/nsp/>

OVERALL EVALUATION AND CONCLUSION

Our review of the annual performance report indicates that the activities carried out by the City during the program year were generally eligible or otherwise consistent with applicable CDBG, NSP, and HOME regulations.

The City's actions in the program year were consistent with the actions proposed to address identified priority needs. Results in achieving goals that were envisioned in the Consolidated Plan were satisfactory.

The City's approach to community development activities is comprehensive and creative, and reflects internal coordination and cooperation with its citizens.

To facilitate and expedite citizen access to our performance assessment, we request that you apprise the general public and interested citizen's organizations and non-profit entities, of its availability. If, for any reason, the City chooses not to do so, please be advised that our office is obligated to make this letter available to the public. We appreciate your cooperation in this matter.

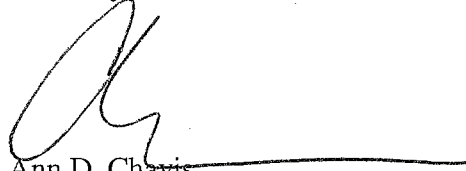
It is also recommended that the City retain this assessment letter and make it available to its Independent Public Accountant (IPA).

In conclusion, as a result of our analysis we have determined that your overall progress is satisfactory. This determination is based upon the information available to this office, and does not reflect a comprehensive evaluation of specific activities.

Attached please find important information that would assist you in administering your CPD programs.

This office is available to assist you in any way possible. If you have any questions regarding this correspondence, or any other program matter, please do not hesitate to contact Nora E. Casal, Sr. Community Planning and Development Representative at (305) 520-5009, or via email message at: Nora.E.Casal@hud.gov.

Sincerely,

A handwritten signature in black ink, appearing to be 'A. Chavis', followed by a horizontal line.

Ann D. Chavis

Director

Community Planning and Development Division

Cc: Maria Ruiz, Director
Lisa Bustamante, Program Manager, US HUD

Enclosures

‘GREEN HOUSING CONSTRUCTION’

HUD encourages thoughtful, achievable consideration and implementation of energy efficient and environmentally-friendly elements in the NSP3 program. NSP Notice provides information and guidance on the following Green elements:

- Transit accessibility
- Green building standards
- Reuse of cleared sites
- Deconstruction
- Renewable energy
- Water conservation
- Energy efficient materials
- Healthy homes

HUD provides that a grantee may “require NSP homes to achieve an established environmental or energy efficiency standard such as Green Communities or equivalent.” The following resources are designed to assist grantees in the construction and rehabilitation of green affordable housing. These are provided on the *NSP Resource Exchange* under “Toolkits,” at:

<http://hudnsphelp.info/index.cfm?do=viewToolkitsHome>

- Green Housing Development Guide:
<http://hudnsphelp.info/media/resources/GreenHousingDevelopmentGuide.pdf>
- Sample Housing Rehabilitation Checklist:
<http://hudnsphelp.info/media/resources/HousingRehabilitationChecklist.doc>
- Sample Single-Family Housing Rehabilitation Specifications, including Green Specs
<http://hudnsphelp.info/media/resources/SampleSingleFamilyRehabSpecificationsIncludingGreenSpecs.doc>
- Sample Single-Family Housing Rehabilitation Standard Template:
<http://hudnsphelp.info/media/resources/SingleFamilyHousingRehabilitationStandard.doc> More tools will be added to the resource page as developed.

Additionally, grantees interested in implementing Enterprise Green Communities Criteria can contact Enterprise for further information and assistance via:

www.greencommunitiesonline.org/

“CONSOLIDATED PLAN MANAGEMENT PROCESS - CPMP”

The Office of Management and Budget asked that HUD work with local stakeholders to streamline the Consolidated Plan, making it more results-oriented and useful to communities in assessing their own progress toward addressing the problems of low-income areas. Grantees are encouraged to use the tool formats in developing Consolidated Plans, Action Plans, and annual performance reports.

“MINORITY BUSINESS ENTERPRISES - MBE”

Under executive orders 11625, 12432 and 12138 grantees must subscribe procedures acceptable to HUD for a minority outreach program to ensure that they are making concerted efforts to attract minority groups to the procurement process.

Furthermore, the Office of Small and Disadvantaged Business Utilization (OSDBU) is required to collect and consolidate data on Minority Business Enterprise (MBE) on an annual basis. You are encouraged to utilize Woman's and Minority Business Enterprise participation in all HUD programs. Grantees should submit their information, via email, on HUD form 2516 (Grantee Contract and Subcontract Activity Report). Please note that you may access the forms at: <http://www.hud.gov/offices/osdbu/forms/hud2516.xls>.

2016 TRAINING SURVEY

Please help us to identify the areas of training that could benefit your jurisdiction in operating and managing your CPD program(s). Complete the survey below no later than March 23, 2016, and either email or fax it to your CPD Representative or to John Quade, CPD Representative at john.f.quade@hud.gov or (305) 536-4781.

Please indicate your interest in receiving technical assistance/training below by ranking the importance from the highest (5) to lowest (1).

5 – Very Important 4 – Important 3 – Average 2 – Slightly Important 1 – Not Important

- ☐ Development Finance
- ☐ Relocation and Real Property
- ☐ CHDO Assistance
- ☐ Construction and Rehabilitation Management
- ☐ Economic Development/Section 108
- ☐ Effective Agreements
- ☐ Environmental Review and Compliance
- ☐ Financial Management
- ☐ Efficiency/Green Building
- ☐ Homelessness Issues
- ☐ IDIS
- ☐ Income Determinations
- ☐ Lead-Based Paint Compliance
- ☐ Neighborhood Stabilization Program –NSP (specify): _____
- ☐ Procurement and Contracting
- ☐ Subrecipient Management
- ☐ Using Outcomes to Measure Performance
- ☐ Recordkeeping and Reporting
- ☐ Debarment, Suspension, and Termination
- ☐ Audits
- ☐ Program Monitoring
- ☐ Federal Labor Standards
- ☐ DRGR
- ☐ HMIS
- ☐ Emergency Solutions Grant
- ☐ Basic CDBG Program
- ☐ Advanced CDBG Program
- ☐ Meeting CDBG Timeliness Test Requirements
- ☐ Timesheet Records Compliance
- ☐ Activity Delivery vs. Program Administrative Costs
- ☐ Property Management and Disposition
- ☐ Program Income
- ☐ Basic HOME Investment Partnerships Program
- ☐ Advanced HOME Investment Partnerships Program

- ☐ HOME Match Report/Log
- ☐ Subsidy Layering Review
- ☐ Meeting Commitment/Disbursement/CHDO Set-Aside Deadlines
- ☐ Resale/Recapture Provisions
- ☐ Maximum Purchase Price/After-Rehab Value Compliance
- ☐ Rental Project Compliance
- ☐ Rent Determinations
- ☐ Housing Quality Inspections
- ☐ Affirmative Marketing
- ☐ Accessing HOME and Low-Income Housing Tax Credits (LIHTC) Projects
- ☐ HOPWA (i.e.: reporting, monitoring oversight, financial mgmt.): _____
- ☐ Combining Multiple Community Planning & Development Programs
- ☐ Fair Housing Compliance
- ☐ Civil Rights Compliance Basic CDBG Program
- ☐ Section 504 Compliance
- ☐ Equal Opportunity Compliance
- ☐ Section 3 Compliance
- ☐ Conflict of Interest Determinations
- ☐ eCon Planning Suite
- ☐ Consolidated Plan/Action Plan Preparation
- ☐ Other (Please specify): _____
